

# MORNING BULLS & BEARS



Tuesday, June 1, 2021

## Upcoming Reports

- Export Inspections – Today, 10:00 am
- Progress and Conditions – Today, 3:00 pm
- EIA Report – Tomorrow, 10:00 am
- USDA Export Sales – Thursday, 7:30 am
- Commitments of Traders –Friday, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	34,769	+0.74%
S&P Fut	4,224	+0.51%
Nasdaq Fut	13,740	+0.39%
Nikkei	28,950	-0.24%
FTSE100	7,101	+1.10%
DAX	15,662	+1.81%
Shanghai	5,156	+0.42%

## Macro News

The House and Senate are in recess in observance of Memorial Day. President Joe Biden and congressional Democratic leaders missed several Memorial Day “deadlines.” That list included the infrastructure bill and U.S./China competitiveness legislation. Some say Biden and congressional Democrats have a shorter and shorter timeline on leaving bipartisan infrastructure talks and just going at it alone. Meanwhile, Senate leaders agreed to a deal on Friday to push back consideration of the bipartisan U.S./China tech competitiveness legislation (U.S. Innovation and Competition Act) until after the Memorial Day recess. The China-focused legislation could be the last bipartisan effort the Senate can make happen this year. It currently includes a controversial amendment dealing with online country-of-origin labeling (COOL). The Fed’s Beige Book will be out Wednesday and the May jobs report will be released Friday.

Of the \$6 trillion in spending Biden is proposing for next year, more than half is for Social Security, Medicare, Medicaid and other mandatory federal obligations that are set in law. Much of the rest maintains funding for existing military and domestic programs. Biden also formally proposed an average 2.7% pay increase for federal civilian employees in 2022 as part of his fiscal 2022 budget proposal. The president’s budget includes a \$14-billion increase to tackle the climate crisis; \$10.7 billion more to combat the opioid epidemic; an additional \$20 billion for schools in high-poverty areas; and an \$8.7-billion increase for the Centers for Disease Control and Prevention to boost its ability to detect and respond to global health crises like the Covid-19 pandemic. Biden’s tax policies would bolster federal revenue by about \$3.6 trillion over the decade. Most of that increase comes from higher corporate taxes. Democrats used reconciliation to approve Mr. Biden’s \$1.9 trillion Covid-19 relief bill earlier this year and are weighing whether to use it again to advance the rest of his economic agenda without Republican support.

## Grain News

T-Storm Weather Summary: A very mild period begins by Friday and then continues into at least mid-month. Some rain affects southern areas as coolness breaks into late-week, followed by more rain in / near the mid-South and far-southern Corn Belt this weekend and early next week as an upper-level system passes; the rest of the central U.S. will be mainly dry over the next week. A low-confidence setup follows as upper-level high pressure grows and likely leaves future systems somewhat weak and directionless, most likely resulting in some t-storms at some point next week (June 9-13), but not widespread and heavy totals; best overall chance in driest areas of the north.

Temperatures dipped below freezing over Memorial Day weekend in the Upper Midwest and Northern Plains, raising questions about slowed development and the possibility some replanting will be needed. World Weather Inc. commented that in North Dakota and the southwest corner of Manitoba, “temperatures in the 30s and a few extremes in the upper 20s were cold enough to induce some damage” to crops, with canola, sugarbeets, dry beans and pulses likely seeing the most damage. It says some corn and soybeans were also likely damaged, but assessment will take time. The weather watcher did not comment on freezing temperatures elsewhere, including northern Iowa.

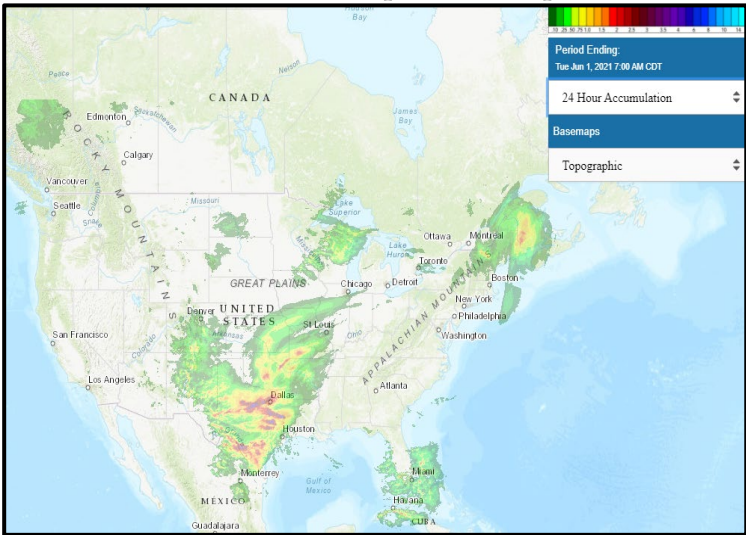
South American Crop Consultant Dr. Michael Cordonnier maintained his Brazilian corn crop estimate of 95 MMT this week, and his bias is neutral to lower going forward. He says this could just be a pause in the downward trend for the crop. “On the positive side, the crop received some rain about 10 days ago and there was more rain in Parana over this past weekend that will help some of the later planted corn. On the negative side, some of the safrinha corn remained dry and there were light frosts last week in western Parana with more cold temperatures forecasted for this week,” he says. Cordonnier still estimates Brazil’s soybean crop at 134 MMT, and his bias is neutral to slightly higher going forward. He made no change to his Argentine bean or corn crop projections of 45 MMT and 46.5 MMT, respectively.

Brazil’s government agencies warned of droughts this week as the country faces its worst dry spell in 91 years, increasing fears of energy rationing, hitting hydroelectric power generation and agriculture while raising the risk of Amazon fires. Late on Thursday, the Electricity Sector Monitoring Committee (CMSE), which is linked to Brazil’s Mines and Energy Ministry, recommended that the water regulator ANA recognize a state of “water scarcity,” after a prolonged drought hit Central and Southern parts of Brazil along the Paraná river basin. Separately, a weather monitoring agency linked to the Agriculture Ministry issued its first “emergency drought alert” for June to September, saying rains are likely to remain scarce in five Brazilian states during that period. The lack of rain across much of Brazil has negative implications for grain cultivation, livestock and electricity generation, as Brazil relies heavily on hydro dams for its power. The dry weather could lead to severe fires in the Amazon rainforest and Pantanal wetlands, scientists said.

The ag consultancy IKAR now forecasts Russia’s 2021 wheat crop at 79.5 MMT, up 500,000 MT from its previous forecast. The consultancy cited improving weather for crops in Russia’s southern regions and a large sowing area for spring wheat in Russia’s central region.

JBS USA, the world’s largest meat supplier, says it was the target of an “organized cybersecurity attack.” In a statement, JBS, which has its U.S. headquarters in Greeley, Colorado, said the attack affected some of its servers supporting its North American and Australian IT systems. “The company took immediate action, suspending all affected systems, notifying authorities and activating the company’s global network of IT professionals and third-party experts to resolve the situation,” the company said in its statement. “The company’s backup servers were not affected, and it is actively working with an Incident Response firm to restore its systems as soon as possible.” The impact on consumers is unclear at this time.

## 24-Hour Precipitation Map



## Chart of the Day

